What is claimed is:

--1. A method for managing investment funds, the method comprising:

determining a predefined term for investing a predetermined amount of institutional capital in equity-based investments;

determining a plurality of dividend targets, the plurality of dividend targets associated with a plurality of respective periods during the predefined term;

determining a value indicator to be used during the predefined term; and

selecting an investment manager for investing the capital in the equity-based investments for the predefined term and for at least meeting the plurality of dividend targets, the investment manager using at least the value indicator to determine whether to buy, to hold or to sell at least one of the equity-based investments during the predefined term.

--2. The method as set forth in claim 1, further comprising:

monitoring performance of the selected investment manager by determining whether the investment manager meets

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the plurality of dividend targets by comparing dividends paid on the equity-based investments during each of the plurality of periods to the plurality of respective dividend targets.

--3. The method as set forth in claim 2, wherein monitoring the performance of the investment manager includes evaluating at least one performance report generated by the investment manager.

--4. The method as set forth in claim 1, wherein determining a plurality of dividend targets includes determining a first dividend target for a first period based at least on a required dividend growth, and determining subsequent dividend targets for subsequent respective periods based on the required dividend growth and a required dividend yield.

--5. The method as set forth in claim 4, wherein the subsequent dividend targets are increased each subsequent period by a percentage equal to the required dividend growth multiplied by the required dividend yield.

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--6. The method as set forth in claim 5, wherein the required dividend growth and the required dividend yield remain unchanged throughout the predefined term.

--7. The method as set forth in claim 1, wherein the value indicator is dividends.

--8. The method as set forth in claim 1, wherein the value indicator is earnings.

--9. The method as set forth in claim 1, wherein the value indicator is cash flow.

--10. The method as set forth in claim 1, wherein the value indicator is book value.

--11. The method as set forth in claim 4, wherein the first period and the subsequent respective periods are yearly periods.

--12. A method for managing investment funds, the method comprising:

determining a predefined term for investing a predetermined amount of institutional capital in equity-based investments;

determining an initial dividend yield;

determining a growth rate;

determining a value indicator to be used during the predefined term; and

selecting an investment manager for investing the capital in the equity-based investments for the predefined term in accordance with the initial dividend yield and the growth rate, the investment manager using at least the value indicator to determine whether to buy, to hold or to sell at least one of the equity-based investments during the predefined term.

--13. The method as set forth in claim 12, further comprising:

monitoring performance of the selected investment manager by determining whether the investment manager meets a plurality of dividend targets associated with the initial dividend yield and the growth rate by comparing dividends paid on the equity-based investments during each of the

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plurality of periods to the plurality of respective dividend targets.

--14. The method as set forth in claim 13, wherein monitoring the performance of the investment manager includes evaluating at least one performance report generated by the investment manager.

--15. The method as set forth in claim 12, wherein the value indicator is dividends.

--16. The method as set forth in claim 12, wherein the value indicator is earnings.

--17. The method as set forth in claim 12, wherein the value indicator is cash flow.

--18. The method as set forth in claim 12, wherein the value indicator is book value.

--19. A method for establishing an institutional investment mandate between a trustee and an investment

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manager to manage an institutional investment fund, the method comprising:

determining a plurality of fund requirements associated with equity-based investments excluding capital gains and including an initial investment amount, a predefined term for the mandate, an initial dividend yield, a growth rate, a fundamental return and a value indicator; and

generating the institutional investment mandate based on the plurality of fund requirements, the investment manager operating according to the plurality of fund requirements in the institutional investment mandate during the predefined term.

--20. The method for establishing an institutional investment mandate as set forth in claim 19, wherein

determining the plurality of fund requirements includes selecting the initial dividend yield by choosing an initial portfolio of equities and averaging the respective dividend yields of each of the equities.

--21. The method for establishing an institutional investment mandate as set forth in claim 19, wherein

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determining the plurality of fund requirements includes selecting the growth rate by comparing an actual amount of dividend income with a target amount of dividend income based on capital employed during each year of the predefined term and the fundamental return.

--22. The method for establishing an institutional investment mandate as set forth in claim 19, wherein

determining the plurality of fund requirements includes selecting the fundamental return based on the initial dividend yield and the growth rate.

--23. The method for establishing an institutional investment mandate as set forth in claim 22, wherein

the fundamental return is calculated by multiplying the initial dividend yield by the growth rate.

--24. The method for establishing an institutional investment mandate as set forth in claim 19, wherein

the value indicator is dividends, the value indicator being used by the investment manager for determining whether to one of buy, hold and sell at least one of the equity based investments.

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--25. The method for establishing an institutional investment mandate as set forth in claim 19, wherein

the value indicator is earnings, the value indicator being used by the investment manager for determining whether to one of buy, hold and sell at least one of the equity based investments.

--26. The method for establishing an institutional investment mandate as set forth in claim 19, wherein

the value indicator is cash flow, the value indicator being used by the investment manager for determining whether to one of buy, hold and sell at least one of the equity based investments.

--27. The method for establishing an institutional investment mandate as set forth in claim 19, wherein

the value indicator is book value, the value indicator being used by the investment manager for determining whether to one of buy, hold and sell at least one of the equity based investments.

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--28. A method for managing institutional investment according to dividend growth on a dividend reinvestment basis during a mandate term, the method comprising:

(a) determining an average initial dividend yield;

(b) determining a fundamental rate of return;

(c) allocating an initial amount of institutional capital to be invested during the mandate term in equity-based investments;

(d) establishing a first dividend goal for a first period of the mandate term, the fist dividend goal equal to the average initial dividend yield of a plurality of equities;

(e) generating a second amount of capital for a second period of the mandate term by increasing the initial amount of capital during the first period by the fundamental rate of return;

(f) generating a second dividend goal for a second period of the mandate term, the second dividend goal determined by multiplying the initial amount of capital by the average initial dividend yield; and

(g) repeating (e) and (f) for any subsequent periods of the mandate term based on the amount of capital and the dividend goal of the respective preceding period.

--29. The method for managing institutional investment as set forth in claim 28, wherein

the first period, the second period and the any subsequent periods are yearly periods.

--30. The method for managing institutional investment as set forth in claim 28, further comprising:

determining a dividend growth rate, wherein

determining the fundamental rate of return includes multiplying the average initial dividend yield by the dividend growth rate.

--31. A method for managing institutional investment according to dividend growth on an at least partial dividend withdrawal basis during a mandate term, the method comprising:

(a) determining an income withdrawal percentage for at least one period during the mandate term;

(b) determining an average initial dividend yield;

(c) determining a fundamental rate of return;

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(d) allocating an initial amount of institutional capital to be invested during the mandate term in equity-based investments;

(e) determining a first dividend goal for a first period of the mandate term, the fist dividend goal equal to the average initial dividend yield of a plurality of equities;

(f) determining a first withdrawal amount from the first dividend goal, the first withdrawal amount associated with the first period;

(g) determining an amount of capital for the first period of the mandate term by increasing the initial amount of capital during the first period by a predefined factor;

(h) determining a second dividend goal for a second period of the mandate term, the second dividend goal determined by multiplying the amount of capital for the first period by the average initial dividend yield;

(i) determining a second withdrawal amount from the second dividend goal, the second withdrawal amount associated with the second period; and

(j) determining an amount of capital for the second period of the mandate term by increasing the amount of capital for the first period by a predefined factor.

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--32. The method as set forth in claim 31, wherein

determining the first withdrawal amount includes multiplying the first dividend goal by the income withdrawal rate divided by the average initial dividend yield, and

determining the second withdrawal amount includes multiplying the second dividend goal by the income withdrawal rate divided by the average initial dividend yield.

--33. The method as set forth in claim 31, wherein

the predefined factor is determined by multiplying factor A by factor B, wherein

factor A equals (1 + ((initial dividend yield -income withdrawal rate)/100)) and

factor B equals (1 + (dividend growth rate/100)).

--34. The method as set forth in claim 31, wherein

the income withdrawal factor varies for at least two periods of the mandate term.

--35. The method for managing institutional investment as set forth in claim 31, wherein

the first period and the second period are yearly periods.

--36. The method for managing institutional investment as set forth in claim 31, further comprising:

determining a dividend growth rate, wherein

determining the fundamental rate of return includes multiplying the average initial dividend yield by the dividend growth rate.

--37. A method for managing investment funds, the method comprising:

determining a predefined term for investing a predetermined amount of institutional capital in at least one bond investment;

defining a value indicator to be used during the predefined term;

selecting an investment manager for investing the predetermined amount of institutional capital in the at least one bond investment for the predefined term, the investment manager using the value indicator to determine

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whether to buy, to hold, or to sell the at least one bond investment during the predefined term; and

monitoring performance of the investment manager according to whether the selected investment manager meets one or more performance targets not based on market value.

--38. The method as set forth in claim 37, wherein

the value indicator is fair value of the at least one bond investment.

--39. The method as set forth in claim 38, wherein monitoring the performance of the investment manager includes

comparing an amount of capital at the end of a respective period during the predefined term with the aggregate of accumulated interest and the fair value of the at least one bond investment at the end of the respective period.

--40. A method for establishing an institutional investment mandate between a trustee and an investment manager to manage an institutional investment fund, the method comprising:

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determining a plurality of fund requirements associated with at least one bond investment including an initial amount of institutional capital, a predefined term for the mandate, a fundamental rate of return and a value indicator; and

generating the institutional investment mandate based on the plurality of fund requirements, the investment manager operating according to the plurality of fund requirements in the institutional investment mandate during the predefined term, wherein

interest is earned on the at least one bond investment during each of a plurality of periods during the predefined term.

--41. The method as set forth in claim 40, wherein

the value indicator is fair value of the at least one bond investment.

--42. The method as set forth in claim 41, further comprising:

determining the performance of the investment manager by comparing an amount of capital at the end of a respective period with the aggregate of accumulated

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interest and the fair value of the at least one bond investment at the end of the respective period, wherein

determining the performance of the investment manager is not based on market value.

--43. The method as set forth in claim 40, wherein

the fundamental rate of return is the yield to redemption of the at least one bond investment, wherein the fundamental rate of return includes one of

an income element and a capital element if the at least one bond investment is priced at a premium, and

an income element if the at least one bond investment is priced at par.

--44. The method as set forth in claim 40, wherein

determining a plurality of fund requirements includes

determining a plurality of interest targets associated with the at least one bond investment and associated with a plurality of respective periods during the predefined term.

--45. The method as set forth in claim 44, wherein

each of the plurality of interest targets are determined for each of respective periods by applying an

initial running yield to an amount of capital at the beginning of the respective period.

--46. The method as set forth in claim 45, wherein initial running yield is determined according to the following equation:

(coupon percent / purchase price) * 100.

--47. The method as set forth in claim 45, wherein the plurality of interest targets are determined according to an income accumulation process at the fundamental rate of return.

--48. A method for establishing an investment mandate between a principal and an agent, the agent investing capital in at least one asset according to the investment mandate, the method comprising:

determining at least one performance target to be included in the investment mandate, the at least one performance target defined by at least one fundamental attribute of an asset, the at least one fundamental attribute including a value indicator; and

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informing the agent of the at least one performance target, wherein

the value indicator is used by the agent for determining whether to buy, to hold or to sell the at least one asset.

--49. The method as set forth in claim 48, wherein

the at least one asset is at least one issued security.

--50. The method as set forth in claim 49, wherein

the at least one issued security is at least one equity, and

the value indicator is one of dividends, earnings, sales, cash flow and book value associated with the at least one equity.

--51. The method as set forth in claim 49, wherein

the at least one asset is at least one equity, and

the value indicator is a weighted combination of at least two of dividends, earnings, sales, cash flow and book value associated with the at least one equity.

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--52. The method as set forth in claim 49, wherein

the at least one issued security is at least one bond without a predetermined redemption date, and

the value indicator is interest income associated with the at least one bond.

--53. The method as set forth in claim 49, wherein

the at least one issued security is at least one bond having a predetermined redemption date, and

the value indicator is interest income associated with the at least one bond.

--54. The method as set forth in claim 49, wherein

the at least one issued security is at least one convertible bond, and

the value indicator is interest income associated with the at least one bond.

--55. The method as set forth in claim 48, wherein

the at least one asset is at least one physical asset, and

the value indicator is rental income associated with the at least one physical asset.

--56. The method as set forth in claim 48, wherein the at least one asset is a portfolio of assets associated with a plurality of asset classifications.

--57. The method as set forth in claim 48, wherein the investment mandate includes a term of a predetermined period, T, and

the at least one performance target is defined by a flow of investment income, I(t), for a respective year during the predetermined period according to a yield, Y(t), and capital employed, CE(t), at the beginning of the respective year.

--58. The method as set forth in claim 49, wherein

$I(t) = Y(t) * CE(t)$, $t = 1 \ldots T$, and

CE(0) equals an initial value of the capital of the principal.

--59. The method as set forth in claim 58, wherein the at least one asset is at least one equity, and wherein

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I(t) represents a flow of dividends associated with the at least one equity during a respective year, t, of the predetermined period,

Y(t) represents a dividend yield associated with the at least one equity during a respective year, t, of the predetermined period, and

CE(t) represents capital employed at the beginning of a respective year, t, of the predetermined period, the capital being managed by the agent on behalf of the principal.

--60. The method as set forth in claim 58, wherein

the at least one asset is at least one bond, and wherein

I(t) represents a flow of interest associated with the at least one bond during a respective year, t, of the predetermined period,

Y(t) represents a running yield associated with the at least one bond during a respective year, t, of the predetermined period, and

CE(t) represents capital employed at the beginning of a respective year, t, of the predetermined period, the capital managed by the agent on behalf of the principal.

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--61. The method as set forth in claim 58, wherein

the at least one asset is at least one physical asset, and wherein

I(t) represents a flow of rental income associated with the at least one physical asset during a respective year, t, of the predetermined period,

Y(t) represents a rental yield associated with the at least one physical asset during a respective year, t, of the predetermined period, and

CE(t) represents capital employed at the beginning of a respective year, t, of the predetermined period, the capital being managed by the agent on behalf of the principal.

--62. The method as set forth in claim 58, wherein

CE(t) = [1 + FRR(t)] * CE(t-1),

FRR(t) representing a fundamental rate of return for a respective year, t, during the predetermined period.

--63. The method as set forth in claim 62, wherein

FRR(t) = [[1+Y(t)-W(t)]*[1+VG(t)]] - 1,

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W(t) representing a rate of income withdrawal from the flow of investment income, I(t), for the respective year, t, during the predetermined period, with W(t) <= Y(t), and

VG(t) representing a rate of growth of the value indicator for the respective year, t.

--64. The method as set forth in claim 63, wherein

at least one of the rate of income withdrawal and the rate of growth of the value indicator are agreed to by the principal and the agent and included in the investment mandate.

--65. The method as set forth in claim 63, wherein

the at least one asset is at least one equity, and

the value indicator is one of dividends, earnings, sales, cash flow and book value associated with the at least one equity.

--66. The method as set forth in claim 63, wherein

the at least one asset is at least one equity, and

the value indicator is a weighted combination of at least two of dividends, earnings, sales, cash flow and book value associated with the at least one equity.

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--67. The method as set forth in claim 63, wherein

the at least one asset is at least one bond, and

the value indicator is interest income associated with the at least one bond.

--68. The method as set forth in claim 63, wherein

the at least one asset is at least one physical asset, and

the value indicator is rental income associated with the at least one physical asset.

--69. The method as set forth in claim 63, wherein

when Y(t) = 0 for each respective year, t, during the predetermined period, a goal of the agent according to the investment mandate is to achieve the rate of growth of the value indicator, VG(t), without decreasing a ratio of an amount of the value indicator to a market value of the at least one asset, and wherein

if the at least one asset is at least one equity, the at least one equity is not expected to produce dividend income, and

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if the at least one asset is at least one bond, the at least one bond is associated with zero-coupon securities.

--70. A method of portfolio management employed by an agent, the agent and a principal being parties to an investment mandate, the method comprising:

achieving a fundamental rate of return, FRR(t), on capital employed, CE(t), at the beginning of a respective year, t, of a predetermined period, instead of achieving one of a rate of return relative to an individual market-related index, a peer group index and a composite of the individual market-related index and the peer group index, the capital being invested in at least one asset and the fundamental rate of return being achieved by one of

achieving a flow of investment income, I(t), defined by I(t) = Y(t) * CE(t) for the respective year, t, of a predetermined period, wherein Y(t) represents a yield during the respective year, t, of the predetermined period, and

achieving a rate of growth of a value indicator without decreasing a ratio of an amount of the value indicator to a market value of the at least one asset when Y(t) = 0 for each respective year, t, during the

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predetermined period, the value indicator being used by the agent for determining whether to buy or to sell the at least one asset, wherein

if the at least one asset is at least one equity, the at least one equity is not expected to produce dividend income, and

if the at least one asset is at least one bond, the at least one bond is associated with zero-coupon securities.

--71. The method as set forth in claim 70, wherein

when the at least one asset is the at least one equity,

the flow of investment income is dividend income,

the yield represents a dividend yield, and

the value indicator is one of dividends, earnings, sales, cash flow and book value associated with the at least one asset, or the value indicator is a weighted combination of at least two of dividends, earnings, sales, cash flow and book value associated with the at least one asset.

--72. The method as set forth in claim 70, wherein

when the at least one asset is the at least one bond,

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the flow of investment income is interest income,

the yield represents a running yield, and

the value indicator is interest income associated with the at least one bond.

--73. The method as set forth in claim 70, wherein

when the at least one asset is at least one physical asset,

the flow of investment income is rental income,

the yield represents a rental yield, and

the value indicator is rental income associated with the at least one physical asset.

--74. The method as set forth in claim 70, further comprising:

providing the principal with information regarding the achieved fundamental rate of return.

--75. A method for monitoring performance of an agent, the agent and a principal being parties to an investment mandate, the method comprising:

receiving information from the agent indicating results achieved from investing capital, CE(t), of the

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principal in at least one asset during at least one respective year, t, of a predetermined period; and

comparing the information to a target included in the investment mandate, the target defined by at least one fundamental attribute of an asset, the at least one fundamental attribute including the value indicator, wherein

the value indicator is used by the agent for determining whether to buy or to sell the at least one asset.

--76. The method as set forth in claim 75, wherein the target is further defined by

a flow of investment income, I(t), from the at least one asset determined according to the formula I(t) = Y(t) * CE(t), wherein Y(t) represents a yield of the at least one asset during the at least one respective year, t, when the investment mandate sets the yield to be greater than or less than zero during each year, t, of the predetermined period, and

a rate of growth of the value indicator without decreasing a ratio of an amount of the value indicator to a market value of the at least one asset, when the investment

mandate sets the yield to be zero for each respective year, t, during the predetermined period.

--77. The method as set forth in claim 76, wherein

the at least one asset is at least one equity,

the flow of investment income is dividend income,

the yield represents a dividend yield, and

the value indicator is one of dividends, earnings, sales, cash flow and book value associated with the at least one asset.

--78. The method as set forth in claim 76, wherein

the at least one asset is at least one equity,

the flow of investment income is dividend income,

the yield represents a dividend yield, and

the value indicator is a weighted combination of at least two of dividends, earnings, sales, cash flow and book value associated with the at least one asset.

--79. The method as set forth in claim 76, wherein

the at least one asset is at least one bond,

the flow of investment income is interest income,

the yield represents a running yield, and

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the value indicator is interest income associated with the at least one bond.

--80. The method as set forth in claim 76, wherein

the at least one asset is at least one physical asset,

the flow of investment income is rental income,

the yield represents a rental yield, and

the value indicator is rental income associated with the at least one physical asset.

--81. A method for establishing an investment mandate between a principal and an agent, the method comprising:

receiving a plurality of bids from a plurality of respective candidates, each of the plurality of candidates submitting a respective bid including an assessment of prospective asset market returns in terms of a yield and a growth rate of a respective value indicator over a predetermined period;

selecting one of the plurality of candidates as the agent at least based on the assessment of the prospective market returns in the respective bid; and

generating at lest one parameter for the investment mandate according to the yield and the growth rate, the at

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least one parameter including a target, the target defined by

at least one fundamental attribute of an asset, the at least one fundamental attribute including the value indicator, wherein

the value indicator is used by the agent for determining whether to buy, to hold or to sell at least one asset.

--82. The method as set forth in claim 81, wherein the target is further defined by

a flow of investment income, I(t), from the at least one asset determined according to the formula $I(t) = Y(t) * CE(t)$, wherein Y(t) represents a yield of the at least one asset during the at least one respective year, t, when the investment mandate sets the yield to be greater than or equal to zero during each year, t, of the predetermined period, and

a rate of growth of the value indicator without decreasing a ratio of an amount of the value indicator to a market value of the at least one asset, when the investment mandate sets the yield to be zero for each respective year, t, during the predetermined period.

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--83. The method as set forth in claim 82, wherein

the at least one asset is at least one equity,

the flow of investment income is dividend income,

the yield represents a dividend yield, and

the value indicator is one of dividends, earnings, sales, cash flow and book value associated with the at least one asset.

--84. The method as set forth in claim 82, wherein

the at least one asset is at least one equity,

the flow of investment income is dividend income,

the yield represents a dividend yield, and

the value indicator is a weighted combination of at least two of dividends, earnings, sales, cash flow and book value associated with the at least one asset.

--85. The method as set forth in claim 82, wherein

the at least one asset is at least one bond,

the flow of investment income is interest income,

the yield represents a running yield, and

the value indicator is interest income associated with the at least one bond.

--86. The method as set forth in claim 82, wherein the at least one asset is at least one physical asset, the flow of investment income is rental income, the yield represents a rental yield, and the value indicator is rental income associated with the at least one physical asset.

--87. A method for selecting an agent to be associated with an investment mandate, the method comprising:

receiving a plurality of bids from a plurality of respective candidates, each of the plurality of candidates submitting a respective bid including an assessment of prospective asset market returns in terms of a yield and a growth rate of a respective value indicator over a predetermined period;

comparing each of the plurality of bids to a target of a principal associated with the investment mandate, the target being defined by

at least one fundamental attribute of an asset, the at least one fundamental attribute including the value indicator, wherein the value indicator is used by the agent

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for determining whether to buy, to hold or to sell at least one asset; and

selecting one of the plurality of candidates as the agent at least based on the comparison of the respective bid to the target.

--88. The method as set forth in claim 87, wherein the target being further defined by

a flow of investment income, I(t), from the at least one asset determined according to the formula I(t) = Y(t) * CE(t), wherein Y(t) represents a yield of the at least one asset during at least one respective year, t, when the yield is greater than or less than zero during each respective year, t, of the predetermined period, and

a rate of growth of the value indicator without decreasing a ratio of an amount of the value indicator to a market value of the at least one asset, when the investment mandate sets the yield to be zero for each respective yield, t, during the predetermined period.

--89. A method for determining asset allocations associated with an investment mandate between a principal and an agent, the method comprising:

initially selecting at least one asset for allocating capital according to a target set by the principal during a predetermined period, the target defined by at least one fundamental attribute of an asset, the at least one fundamental attribute including a value indicator, wherein the value indicator is used by the agent for determining whether to buy or to sell the at least one asset; and

reallocating at least a portion of the capital in at least one other asset due to changes in at least one asset market condition, the portion of the capital reallocated according to the target during the remaining time of the predetermined period.

--90. The method as set forth in claim 89, wherein the target is specified in terms of income flow from an asset, the income flow determined according to a yield of the asset and capital employed for a respective year, t, of the predetermined period, and based on prospective long-term returns offered by various asset markets specified in terms of the yield and growth of the value indicator.

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